JUL 24 1973

MICHAEL RODAK, JR., CLERK

IN THE

Supreme Court of the United States

OCTOBER TERM, 1972

NO. 73-2

FRANK J. KAEHNI AND MARIE KAEHNI,
Petitioners,

v.

DIFFRACTION COMPANY,
Respondent.

BRIEF OF RESPONDENT IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FOURTH CIRCUIT

BENJAMIN R. CIVILETTI,
1800 Mercantile Bank & Trust Bldg.,
2 Hopkins Plaza,
Baltimore, Maryland 21201,

JOHN F. MCCLELLAN, SR.,
Suite 302, Loyola Federal Building,
22 West Pennsylvania Avenue,
Towson, Maryland 21204,

Attorneys for Respondent.

The Daily Record Co., Baltimore, Md. 21203

Table of Contents

	PAGE
Statement of the Case	1
Argument:	
The Petition for a Writ of Certiorari Should Be Denied Because It Presents No Basis in Fact or in Law to Persuade the Court to Grant the Petition	5
Conclusion	6

Table of Citations

Statutes and Rules

Title 35, U.S.C., §285	5
Rule 37 (c), Federal Rules of Civil Procedure	5

IN THE

Supreme Court of the United States

OCTOBER TERM, 1972

No. 73-2

FRANK J. KAEHNI AND MARIE KAEHNI,
Petitioners,

v.

DIFFRACTION COMPANY,
Respondent.

BRIEF OF RESPONDENT IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FOURTH CIRCUIT

STATEMENT OF THE CASE

The Opinion of the District Court below contains a full and complete statement of facts (A. 1). The Statement of Facts in the Kaehni Petition is erroneous and misleading. Although U.S. Patent No. 280 was issued to the Kaehnis on March 1, 1949 and thus expired in 1966, during its entire life, it was a paper patent in that the Kaehnis never made nor manufactured nor licensed others to make or manufacture any device, product or use commercially.

Further, although the Kaehnis became aware of the Defendant's accused devices in 1950, they took no action against anyone or against the Defendant Diffraction Company until

institution of this suit on April 23, 1969, more than 19 years after first notice of the accused devices and more than three years after the expiration of their Patent No. 280.

With regard to the trial of the case, although Dr. Charles R. Rust was qualified on the subject of patent law, he was found by the Court unqualified and incompetent on the essential subject matter of U.S. Patent 280 and the accused devices in this case and on the science of optics and light. Dr. Carroll O. Alley, an admittedly eminently qualified expert in the field of optics and light, was appointed by the Court as a neutral technical expert witness pursuant to an agreement of the parties made prior to the commencement of the trial (A. 6 and 7). This neutral scientific expert witness testified that the accused devices did not and could not correspond in function or structure to Plaintiffs' allegedly infringed matter and the Petitioners offer no evidence to the contrary.

The Petitioners boldly state on page 5 of their Petition that "There is no evidence of fraud or bad faith on the part of Kaehni." The District Court specifically found the institution and prosecution of the claims in this case for infringement were frivolous, without reasonable care, without substantial justification and as a matter of fact, were in bad faith and grossly unfair to the Defendant (A. 25-30). The District Court in its Opinion below listed seven express grounds for its finding of bad faith. In addition to these grounds, the following findings support the District Court's conclusion of bad faith and unfairness:

(1) Petitioners did not consult a patent attorney during preparation and filing of the nine suits in the MDL No. 36 nor had they conducted any tests or significant examinations of the accused devices prior to suit nor had they even ex-

amined their own patent for a period of more than six years prior to the filing of these nine suits.

(2) Petitioners refused to discuss the suit with Mr. Remsen Wood, President of the Diffraction Company, and ignored Mr. Wood's letter with exhibits sent to Plaintiffs and Plaintiffs' counsel shortly after suit was filed, supplying a full explanation of the differences between the accused devices and the Kaehni patent monopoly.

(3) Petitioners failed to test, or to have tested, the characteristics of samples provided by Mr. Wood, and likewise failed to test, or have tested, any allegedly infringing products.

(4) Petitioners admitted in response to Defendant's Request No. 4 of January 12, 1970 that they had no claim if the accused devices were of certain configuration, when, in the language of the Court, "even a most superficial analysis" would have disclosed that the accused devices were of that certain configuration.

(5) Petitioners abandoned their grounds of record and shifted to a new argument prior to trial which argument the Court found "completely groundless".

(6) Petitioners grossly and systematically delayed in answering during discovery proceedings. For example, as the Court noted, they responded on August 7, 1970 to Defendant's Request for Admission filed almost six months earlier on February 12, 1970.

The Diffraction Company was formed by Remsen Wood in about 1957 and was operated from his home from that time through the trial date. It generally had three employees. Mr. Remsen Wood, past President of Diffraction Company, and its only operating officer during the period 1957 to the date of trial, made every effort to conclude this litigation and

to show to the Petitioners that their claims were groundless from the very first communication with regard to this matter in 1964. He devoted enormous time and effort to the defense of the suit much to the injury of the Diffraction Company, as a designer, as a technical expert, and in active participation in the conduct of the case and in work akin to that of an attorney at law. Actual costs to the Diffraction Company measured in terms not only of expenses and fees incurred, but in the efforts of its only operating officer being drained away by the suit and thereby losing time, business opportunities and suffering diversions from business, are far in excess of the $78,000 which the Respondent has submitted to the Clerk of the District Court below as reimbursable costs and attorneys' fees.

Lastly, a prime and typical example of the carelessness and misleading nature of the Plaintiffs' assertions is their reference to the Bill of Costs in the District Court (Petition p. 5; A. 37). Although the Respondent believes that the costs in the amount of $78,005.33 are correct and were necessarily incurred and performed in connection with the case, they do not begin to cover the unreimbursable expenses and damages suffered by this small Respondent company as a result of the vexacious litigation brought by the Petitioners. But contrary to the Petitioners' statement that the Bill of Costs was approved by the Court, said Bill has never been approved by the Court and furthermore has never been certified or signed by the Clerk or the Deputy Clerk of the District Court as Appendix E clearly indicates on its face. The Diffraction Company regards said Bill as a partial Bill of Costs because a "continuing gross injustice" is being imposed on the Company by the necessity of defending the District Court's decision before the Court of Appeals and before the Supreme Court against frivolous claims.

ARGUMENT

THE PETITION FOR A WRIT OF CERTIORARI SHOULD BE DENIED BECAUSE IT PRESENTS NO BASIS IN FACT OR IN LAW TO PERSUADE THE COURT TO GRANT THE PETITION.

The facts of this case present overwhelming evidence of the Petitioners' bad faith and total lack of justification in the institution of the suit and in its prosecution and conduct. This case is truly an "exceptional case" within the meaning of Title 35, Section 285 of the United States Code. From the very inception of the suit,[1] 19 years after first notice of the alleged infringing devices, three years after the expiration of the patent, the Petitioners have demonstrated completely the frivolousness of their case and their bad faith in the prosecution of these claims. The evidence disclosed that, prior to suit, they had never received an opinion from a scientific expert or a patent expert that the Respondent's devices infringed their patent; that they never conducted any significant tests of even the most basic nature on the alleged infringing devices; that they never reviewed their patent claims or the patent record with regard to said claims and they took not even one step to try to determine if their claims had merit. The prosecution of the suit as detailed in the Opinion of the District Court was as bad as their conduct in the preparation and institution of the suit and can be characterized only by the most harsh terms such as dilatory, lacking in any candor, and totally in bad faith.

If the facts in this case do not compel the operation of the sanction provisions of Title 35, U.S.C., §285 and Rule 37(c) of the Federal Rules of Civil Procedure, then these provisions are meaningless and nullities.

---

[1] A broad attack by suits in three different jurisdictions against nine defendants, six of which were national variety chain stores. Since the trial was bifurcated, none of the other defendants below bore the cost and expense of the trial on the issue of validity.

CONCLUSION

The Petitioners have abused the legal processes of the federal courts throughout these proceedings and their Petition for Writ of Certiorari should be denied.

Respectfully submitted,

BENJAMIN R. CIVILETTI,
JOHN F. MCCLELLAN, SR.,
Attorneys for Respondent.